



**COUNTY OF LOS ANGELES
TREASURER AND TAX COLLECTOR**

KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 437
LOS ANGELES, CA 90012



MARK J. SALADINO
TREASURER AND TAX COLLECTOR

October 18, 2005

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The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**RECOMMENDATION TO APPROVE AMENDMENT NUMBER FOUR TO
AGREEMENT NUMBER 72748 WITH WAUSAU FINANCIAL SYSTEMS, INC.
TO EXTEND THE TERM OF AGREEMENT
(3 VOTES)**

**CIO RECOMMENDATION: (X) APPROVE () APPROVE WITH MODIFICATION
() DISAPPROVE**

IT IS RECOMMENDED THAT YOUR BOARD:

Approve and instruct the Chair to sign the attached Amendment Number Four to Agreement Number 72748 (Exhibit 1) with Wausau Financial Systems, Inc. (WFS), which extends the term of the Agreement, including maintenance and support services on a month-to-month basis, at the County's option, through June 30, 2006, which will increase the maximum County obligation by \$137,900 for a total of \$3,835,779 over the entire term of the Agreement.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

On June 6, 2000, your Board approved an Agreement with WFS for a Remittance Processing and Image Archive System (System). This System was implemented in August 2000 and currently processes over eight (8) million payment transactions per year for various accounts receivable applications, including property tax. The Remittance Processing component of the System provides an enhanced automated payment process including, daily bank deposits, while the Image Archive component of the System supports the imaging of the payment transactions and provides a search engine to facilitate the archiving and research associated with the processed transactions.

On three subsequent occasions, the Board approved Amendments to the Agreement with WFS for System enhancements. Amendment Number One provided software, hardware and professional services to upgrade the Image Archive component of the System with a more robust document imaging and management system called Optima 3 IMS. Amendment Number Two provided for a hardware and system software upgrade to the Remittance Processing component of the System to accommodate the Treasurer and Tax Collector's (TTC) conversion

to the latest supported version of the Microsoft server and client operating system software. Amendment Number Three expanded the electronic document management capabilities of the Remittance Processing and Image Archive component of the System by consolidating mail extraction and document imaging processes, extended the term of the Agreement for six (6) months to complete the System capabilities expansion, and endorsed the majority ownership transfer from WFS to the Frontenac Company, Inc.

All System changes brought about by Amendments One, Two and Three have been installed and implemented. However, the System has not yet met the System performance requirements, including System response time warranty and deficiency-free production use of the System for thirty (30) consecutive days, as required by the Agreement. TTC has worked with WFS to agree on a revised schedule to resolve these performance requirements and, pursuant to the Agreement, is withholding payments associated with these key deliverables until the requirements are met.

Amendment Number Four to the Agreement will extend the term of the Agreement on a month-to-month basis, at County's option, through June 30, 2006, to allow continuation of maintenance and support services and to complete testing of all System enhancements during simulated as well as actual annual tax payment peak periods.

Upon successful completion of System testing and expiration of the extended term of this Agreement, it is TTC's intent to seek approval from your Board to enter into a separate maintenance and support agreement with WFS for continued maintenance and support of the System.

Implementation of Strategic Goals

The purpose of this Amendment Number Four is to complete testing of the System, including System enhancement, upgrade and expansion provided under Amendments Number One, Two and Three. The increased functionality and scope of the System due to such System enhancement, upgrade and expansion are in accordance with this Department's approved Business Automation Plan. Successful implementation and performance of the System, together with System enhancement, upgrade and expansion, will also meet the County's Strategic Plan Goals of Organizational Effectiveness and Service Excellence.

FISCAL IMPACT/FINANCING

The maximum amount of this Amendment Number Four is \$137,900 for continuing hardware and software maintenance and support services. The Department has funds appropriated in its current budget to cover the maximum amount of the Amendment.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The County's Chief Information Officer concurs with the Department's recommendation (See attached analysis). The attached Amendment Number Four has been reviewed and approved as to form by County Counsel.

IMPACT ON CURRENT SERVICES


There is no impact on current services. TTC and WFS will conduct simulated System testing to identify and, if necessary, correct any deficiencies prior to actual production testing to be conducted during TTC's 2006 annual peak tax season. When fully implemented, the System will improve TTC's payment processing functions in its endeavor to better serve the public.

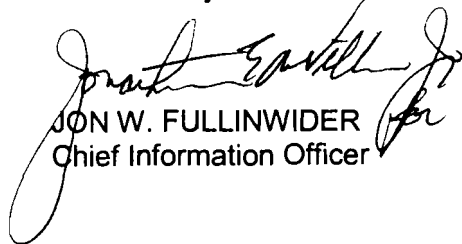
CONCLUSION

Instruct the Executive Officer/Clerk of the Board to return two (2) signed originals of Amendment Number Four to Agreement No. 72748 and one (1) adopted stamped Board letter to TTC.

Respectfully submitted,

Reviewed by:

(for) 
MARK J. SALADINO
Treasurer and Tax Collector


JON W. FULLINWIDER
Chief Information Officer

MJS:WMH
DHH:dhh

Attachments

c: Auditor-Controller
Chief Administrative Officer
Chief Information Officer
County Counsel

CIO ANALYSIS

TREASURER AND TAX COLLECTOR AMENDMENT NUMBER FOUR TO AGREEMENT 72748 WITH WAUSAU FINANCIAL SYSTEMS, INC.

CIO RECOMMENDATION: ☒ **APPROVE** ☐ **APPROVE WITH MODIFICATION**
 ☐ **DISAPPROVE**

Contract Type:

☐ **New Contract** ☒ **Contract Amendment** ☐ **Contract Extension**
☐ **Sole Source Contract** ☐ **Hardware Acquisition** ☐ **Other**

New/Revised Contract Term: **Base Term:** 1 Yrs **# of Option Yrs** _____

Contract Components:

☐ **Software** ☐ **Hardware** ☐ **Telecommunications**
☒ **Professional Services**

Project Executive Sponsor: Anthony Yakimowich, Chief Deputy

Budget Information :

Y-T-D Contract Expenditures	\$ 3,697,879
Requested Contract Amount	\$ 137,900
Aggregate Contract Amount	\$ 3,835,779

Project Background:

Yes	No	Question
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Is this project legislatively mandated?
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Is this project subvented? If yes, what percentage is offset?
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Is this project/application applicable to (shared use or interfaced) other departments? If yes, name the other department(s) involved?

Strategic Alignment:

Yes	No	Question
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Is this project in alignment with the County of Los Angeles Strategic Plan?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Is this project consistent with the currently approved Department Business Automation Plan?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Does the project's technology solution comply with County of Los Angeles IT Directions Document?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Does the project technology solution comply with preferred County of Los Angeles IT Standards?
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Has data for this contract and/or project been entered into the Information Technology Tracking System (ITTS).

Project/Contract Description:

The Treasurer and Tax Collector (TTC) is requesting Board approval of Amendment Number Four to Agreement 72748 with Wausau Financial Systems, Inc. (WFS). This proposed action will extend the term of the Agreement for seven months on a month-to-month basis through June 30, 2006 to support the continuing software maintenance and support and to allow additional time to complete system testing.

Background:

TCC Remittance Processing and Image Archive System provides automated processing of over six million payment transactions per year for a variety of County accounts receivable applications, including property taxes, as well as document imaging and management of both payment documents and other documents in TTC.

On June 6, 2000, the Board approved an Agreement with WFS for the Remittance Processing and Image Archive System. Your Board has approved three subsequent amendments to this Agreement. Amendment One supported the upgrade of the Imaging Archive component to the more robust document imaging and management, Optima (IMS). Amendment Two supported the migration of the remittance processing application to the latest version of Microsoft OS - Windows 2003 Server and Windows XP for the client stations. Amendment Three supported the upgrade of the existing remittance processing component of the system and approved the transfer of ownership of Wausau Financial Systems, Inc. to the Frontenac Company, Inc.

Project Justification/Benefits:

Board approval of this Amendment will ensure continued maintenance and support to the Remittance Processing and Image Archive System and allows additional time to complete system testing.

Project Metrics

The contract requires 30 consecutive days of operation with no deficiencies following the cutover to production use. Further, it requires performance benchmark verification during the December 2005 tax season. During this period, system response time will be verified under peak load conditions over a two-day period. Success will be measured by the testing, maintenance and operation of the Remittance Processing and Image Archive System.

Impact On Service Delivery Or Department Operations, If Proposal Is Not Approved

The Department's ability to improve its receivable processing as well as ability to access, retrieve, and distribute information within TTC will be constrained if the Board does not approve this Amendment.

Alternatives Considered:

No other alternatives were considered.

Project Risks:

The project risks are minimal and TTC has taken appropriate steps to mitigate any business or system disruptions.

Risk Mitigation Measures:

None

Financial Analysis:

TTC has incurred \$3,697,879 year-to-date on their existing agreement with WFS. The maximum contract amount of this Amendment is \$137,900 for extended maintenance and support services through June 30, 2006. The Department has funds appropriated in its current budget to cover the maximum amount of the Amendment.

CIO Concerns:

None

CIO Recommendations:

The CIO recommends approval of this Agreement.

CIO APPROVAL

Date Received:

10/1/2005

Prepared by:

Greg Melenchuk

Date:

10/05/2005

Approved:

[Signature]

Date:

10/05/2005

**AMENDMENT NUMBER FOUR
TO
AGREEMENT FOR REMITTANCE PROCESSING AND
IMAGE ARCHIVE SYSTEM
(COUNTY AGREEMENT NUMBER 72748)**

This Amendment Number Four to that certain Agreement Number 72748 for the provision of a Remittance Processing and Image Archive System (hereafter "Remittance Processing & Image Archive" or "System") dated June 6, 2000, as amended by (i) Amendment Number One for the provision of an upgrade of the Image Archive component of the System (hereafter "Replacement System Component" or "Optima 3 IMS") dated June 3, 2003, (ii) Amendment Number Two for the provision of an upgrade to the Remittance Processing component of the System (hereafter "System Upgrade") dated November 16, 2004, and (iii) Amendment Number Three for the provision of an expansion of the mail processing capabilities of the Remittance Processing and Image Archive component of the System, endorsement of the transfer of majority ownership from Wausau Financial System, Inc. to Frontenac Company, Inc., and extension of the term of the Agreement for six months (hereafter "System Expansion") dated April 19, 2005 (hereafter, collectively "Agreement"), is entered into this _____ day of _____, 2005 by and between the County of Los Angeles (hereafter "COUNTY") and Wausau Financial Systems, Inc. (hereafter "CONTRACTOR" or "Wausau").

WHEREAS, the term of the Agreement shall expire on December 5, 2005, and CONTRACTOR and COUNTY require additional time, through June 30, 2006, in order for CONTRACTOR to complete implementation of the Optima 3 IMS component of the System and for COUNTY to confirm its Final Acceptance in accordance with the Agreement; and

WHEREAS, COUNTY and CONTRACTOR are in the process of finalizing the Optima 3 IMS project schedule to reflect the revised implementation timeline; and

WHEREAS, COUNTY requires CONTRACTOR to provide System maintenance and support services during this extended period; and

WHEREAS, CONTRACTOR and COUNTY desire to amend the Agreement to increase the Contract Sum to include additional System maintenance and support services for the extended period; and

WHEREAS, Paragraph 6 (Change Notices and Amendments) of the Agreement provides that for any change which affects the scope of work, term, payments or any term or condition included in the Agreement, a negotiated Amendment to the Agreement shall be prepared and executed by COUNTY's Board of Supervisors and CONTRACTOR.

NOW, THEREFORE, in consideration of the foregoing and pursuant to Paragraph 6 (Change Notices and Amendments) of the Agreement, COUNTY and CONTRACTOR agree as follows:

1. Paragraph 5 (Term) of the body of the Agreement is amended by deleting only the first grammatical paragraph and replacing it with the following:

5. Term:

The term of this Agreement shall commence on the Effective Date and shall expire sixty-six (66) months thereafter, unless sooner terminated, in whole or in part, as provided in this Agreement (hereafter "Initial Term"). At the end of the Initial Term, COUNTY may, at its sole option, extend the Agreement on a month-to-month basis through June 30, 2006 following the Initial Term (hereafter "Extended Term"); provided that if COUNTY elects not to exercise its option to extend at the end of the Initial Term, or any Extended Term, the remaining option(s) shall automatically lapse. COUNTY shall be deemed to have exercised its extension option(s) automatically, without further act, unless COUNTY notifies CONTRACTOR in writing that it elects not to extend the Agreement further. As used throughout this Agreement, the word "term" shall include the Initial Term and any and all Extended Term(s).

2. Subparagraph 7.1 (General) of the body of the Agreement is deleted in its entirety and replaced with the following revised Subparagraph 7.1:

7.1 General:

The Contract Sum under this Agreement shall be the total monetary amount payable by COUNTY to CONTRACTOR for supplying all the tasks, subtasks, deliverables, goods, services and other work requested and specified under this Agreement. All work completed by CONTRACTOR must be approved in writing by COUNTY. If COUNTY does not approve work in writing, no payment shall be due CONTRACTOR for that work.

Unless the Contract Sum is modified pursuant to a duly approved Amendment to this Agreement by COUNTY's Board of Supervisors and CONTRACTOR pursuant to Paragraph 6 (Change Notices and Amendments), the Contract Sum, including all applicable taxes, authorized by COUNTY hereunder shall not exceed the following:

- (i) For Remittance Processing & Image Archive Including System Upgrade:

One Million Six Hundred Seventy-Seven Thousand Four Hundred Ninety-Four Dollars (\$1,677,494); plus up to Eight Hundred Eighty-Two Thousand Eight Hundred Fifteen Dollars (\$882,815) for maintenance services; plus Two Hundred Thirty-Eight Thousand Nine Hundred Twenty-One Dollars (\$238,921) for other professional services; plus Forty-One Thousand Seven Hundred Fourteen Dollars (\$41,714) for System Upgrade, Implementation and installation services; for a total amount of up to Two Million Eight Hundred Forty Thousand Nine Hundred Forty-Four Dollars (\$2,840,944).

(ii) For Optima 3 IMS:

Four Hundred Fifty-Five Thousand Three Hundred Sixty-One Dollars (\$455,361) plus Two Hundred Seventeen Thousand Seven Hundred Twenty-Three Dollars (\$217,723) for maintenance services plus Three Hundred Twenty One Thousand Seven Hundred Fifty-One Dollars (\$321,751) for other professional services, which shall include, but not be limited to, additional licenses at the fixed price set forth in Attachment B.1 (Schedule of System Hardware and Software - Optima 3 IMS) of Exhibit A.1 (Statement of Work - Optima 3 IMS), for a total amount of Nine Hundred Ninety Four Thousand Eight Hundred Thirty-Five Dollars (\$994,835).

Notwithstanding any provision of this Subparagraph 7.1, CONTRACTOR shall fully perform and complete all work required of CONTRACTOR by this Agreement in exchange for the amounts to be paid to CONTRACTOR as set forth in this Agreement.

CONTRACTOR shall maintain a system of record keeping that will allow CONTRACTOR to determine when it has incurred seventy-five percent (75%) of the total Contract Sum authorized under this Agreement. Upon occurrence of this event, CONTRACTOR shall send written notification to COUNTY at the address herein provided in Paragraph 63 (Notices).

3. Exhibit B (Schedule of Payments – Remittance Processing & Image Archive) is amended by revising page B-4, attached hereto as Attachment 1 and incorporated herein by reference. Each revised page is designated at the bottom as "Revised Under Amendment No. 4 to Agreement."
4. Exhibit B.1 (Schedule of Payments – Optima 3 IMS) is amended by revising page B.1-3, attached hereto as Attachment 2 and incorporated herein by reference. Each revised page is designated at the bottom as "Revised Under Amendment No. 4 to Agreement."
5. Except as provided in this Amendment, all other terms and conditions of the Agreement remain unchanged in full force and effect.

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IN WITNESS WHEREOF, the Board of Supervisors of the County of Los Angeles has caused this Amendment to be subscribed by its Chair and the seal of such Board to be affixed and attested by the Executive Officer, and CONTRACTOR has caused this Amendment to be subscribed in its behalf by it duly authorized officers, the day, month, and year first above written.

COUNTY OF LOS ANGELES

By _____
Chair, Board of Supervisors

CONTRACTOR
Wausau Financial Systems, Inc.

By 
Signature

David E Hoffman
Print Name

CFO
Title

ATTEST:

VIOLET VARONA-LUKENS
Executive Officer-Clerk
Of the Board of Supervisors

By: _____
Deputy

APPROVED AS TO FORM:

RAYMOND G. FORTNER, Jr.
COUNTY COUNSEL

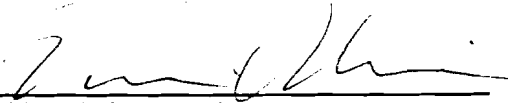
by 
Victoria Mansourian
Deputy County Counsel

EXHIBIT B
Schedule of Payments
Remittance Processing and Image Archive

Deliverable 18.7	Post Implementation Review Document – System Upgrade	\$0
Deliverable 19 (Key)	Completion and Documentation of Performance Benchmark Verification – System Upgrade	\$ <u>16,533</u>
Subtotal (Deliverables 12-19)		\$ <u>68,505</u>
V.	IMPLEMENTATION AND INSTALLATION SERVICES – System Upgrade	\$ <u>41,714</u>⁽¹⁾
VI.	MAINTENANCE SERVICES – System Upgrade	\$ <u>0</u>⁽²⁾
TOTAL – SYSTEM UPGRADE		\$ <u>110,219</u>
VII.	TERM EXTENSION – Amendment No. 3	\$ <u>252,598</u>
VIII.	TERM EXTENSION – Amendment No. 4	\$ <u>93,000</u>
GRAND TOTAL – Remittance Processing & Image Archive		\$ <u>2,840,944</u>

Note: Key deliverables are so designated

⁽¹⁾ Billable upon completion and County's approval of Deliverable 18.3.

⁽²⁾ There was no net increase in maintenance costs for System Upgrade. The increased cost for new system hardware and system software is offset by a corresponding decrease in cost for items being removed. Therefore, the Contract's allocated funding as delineated in Paragraph 7 (Contract Sum) of the body of the Agreement for maintenance remains unchanged.

EXHIBIT B.1
Schedule of Payments
Optima 3 IMS

II.	Other Professional Services	\$ 34,751
III.	Maintenance Services	\$ 97,266
IV.	System Upgrade	\$ 320,000
V.	Term Extension – Amendment No. 3	\$ 93,959
	i. System Enhancement \$51,402	
	ii. Extended Maintenance \$42,557	
VI.	Term Extension – Amendment No. 4	\$ 44,900
	GRAND TOTAL	\$ 994,835

Note: Key deliverables are so designated in **Bold** font.